

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:
THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**REPLY OF PUERTO RICO SALES TAX FINANCING
CORPORATION TO RESPONSES FILED TO FIFTEENTH
OMNIBUS OBJECTION (NON-SUBSTANTIVE) TO DUPLICATE CLAIMS**

The Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as COFINA’s representative pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² files this reply (the “Reply”) in support of *Puerto Rico Sales Tax Financing Corporation’s Fifteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims* (the “Fifteenth Omnibus Objection”), and in support of the Reply, respectfully represents as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

1. On December 4, 2018, COFINA filed the *Puerto Rico Sales Tax Financing Corporation's Fifteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims* [ECF No. 4419] (the "Fifteenth Omnibus Objection"), seeking to disallow in their entirety five hundred (500) duplicate proofs of claim (the "Duplicate Claims"), as listed on Exhibit A thereto. As set forth in the Fifteenth Omnibus Objection, each of the Duplicate Claims asserted liability associated with one or more bonds issued prepetition by COFINA that were duplicative of a master proof of claim (each, a "Master Proof of Claim," and together, "Master Proofs of Claim"), which were filed in COFINA's Title III case by the Bank of New York Mellon ("BNYM"), as trustee of the prepetition bonds issued by COFINA. Pursuant to the Court-approved order, any party who disputed the Fifteenth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on February 1, 2019.

2. Three responses to the Fifteenth Omnibus Objection were interposed. The parties were able to resolve one of those responses, which was withdrawn from the docket. Two responses remain pending: a) *Response to Puerto Rico Sales Tax Financing Corporation's Omnibus Objection to Duplicate Bond Claims* (the "Pons-Pagán Response") [ECF No. 4994], filed by Doris Zoé Pons-Pagán ("Pons-Pagán"); and b) *The Puerto Rico Funds' Response to Puerto Rico Sales Tax Financing Corporation's Fifteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims*. [ECF No. 4630] (the "PRF Response"), filed by the Puerto Rico Funds (the "PRF").

I. The Pons-Pagán Response

3. On January 30, 2019, Pons-Pagán filed the Pons-Pagán Response. Pons-Pagán filed her proof of claim against COFINA on or about May 24, 2018, and it was logged by Prime

Clerk as Proof of Claim No. 26631 (the “Pons-Pagán Claim”). See Fifteenth Omnibus Objection, Exhibit A, Line 96. In the Pons-Pagán Response, Pons-Pagán claimed that COFINA did not “substantiate the assertion” that the Pons-Pagán Claim was duplicative.

4. The Pons-Pagán Claim asserts liabilities associated with bonds issued by COFINA bearing CUSIP number 74529JGP4. That CUSIP number appears on a Master Proof of Claim filed by BNYM and logged by Prime Clerk as Proof of Claim No. 31920. Accordingly, the Pons-Pagán Claim does, in fact, assert liabilities associated with a prepetition subordinate bond issued by COFINA that is duplicative of a Master Proof of Claim. The Pons-Pagán Response does not refute COFINA’s showing that the Pons-Pagán Claim is duplicative.

II. The Puerto Rico Funds Response

5. On January 4, 2019, the PRF filed the PRF Response. PRF filed their proofs of claim between May 24, 2018 and June 1, 2018, and they were logged by Prime Clerk as Proofs of Claim Nos. 22752; 22450; 25709; 21341; 21297; 21359; 21587; 22247; 22672; 26036; 33764; 33773; 33687; 34838; 29975; 37733; 33681; 33297; and 26629 (the “PRF Claims”). See Fifteenth Omnibus Objection, Exhibit A, Lines 116-133, 135. In the PRF Response, PRF asserts that their claims “only serve to preserve the Puerto Rico Funds’ rights *until* the Plan becomes effective and the Puerto Rico Funds receive distributions as contemplated in the PSA and Plan.” PRF Response at 9.

6. As the Court is well aware, the *Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* (the “Plan”) [ECF No. 4652] was confirmed by the Court on February 4, 2019. See *Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5048]. On

February 5, 2019, the Court issued an *Amended Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5055] (the “Amended Order”). The Plan became effective on February 12, 2019, when the conditions set forth in Section 25.1 of the Plan were satisfied. *See* Amended Order at 20. Distributions have been made to holders of Bond Claims pursuant to Article XIX of the Plan.³ Consequently, each of the claimants, to the extent they are holders of a Bond claim and are listed on the records of the Depository Trust Company, have received distributions on account of their claims against COFINA. Accordingly, the PRF has received distributions pursuant to the Plan. Allowing the PRF’s duplicate Bond Claim will result in the PRF potentially receiving an unwarranted double recovery against COFINA, to the detriment of other stakeholders in COFINA’s Title III case. The PRF will not be prejudiced by the disallowance of its claim because the liabilities associated with its claim are subsumed within the master proofs of claim.

7. Accordingly, COFINA respectfully requests that the Court grant the Fifteenth Omnibus Objection as to the Duplicate Claims.

³ Section 1.44 of the Plan defines a “Bond Claim” as a “Claim on account of a ‘Senior’ or ‘First Subordinate’ Existing Security issued by COFINA” *See* Plan at 6.

Dated: March 6, 2019
San Juan, Puerto Rico

Respectfully submitted,

/s/ Ricardo Burgos Vargas

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CERTIFICATE OF SERVICE

I hereby certify that on March 6, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification to all counsel of record, and all CM/ECF participants in the case.

/s/ Ricardo Burgos Vargas

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